FOREIGN AGRICULTURE

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Harvesting dates in Iran.

Agricultural Development in Saudi Arabia and Iran

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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This week's cover:

Dates in the hard, yellow stage being collected in baskets by children at Miamb, Iran. Although Iran is expanding its agricultural production, food imports—especially of grain—will necessarily continue to grow. Report begins on this page.

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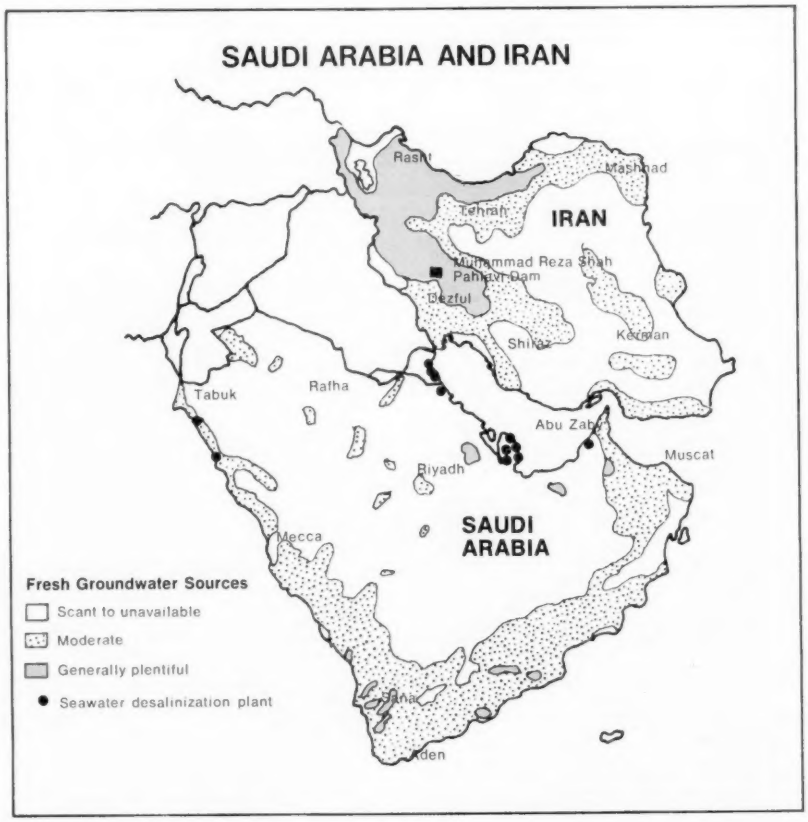
Oil Profits Gush into Agri

Permanent irrigation ditches near Al Kharj, Saudi Arabia, are watered from deep wells with modern pumps. Cultivated fields have been reclaimed from barren desert by Saudi farmers using techniques taught them by U.S. agricultural experts.



culture In Saudi Arabia and Iran

Flush with new oil wealth, Iran and Saudi Arabia are embarking on ambitious agricultural development programs, turning largely to the United States for advanced agricultural technology and skills.

Aside from foreign policy considerations, what are the implications for U.S. agriculture of the joint programs for agricultural development in the Mideast?

In the past year, both countries have used their higher purchasing power to increase dramatically their takings of U.S. farm products, offsetting somewhat the higher costs of U.S. petroleum imports. Iran alone could import $750 million worth of U.S. farm products in 1975—propelling it into sixth place as a U.S. farm market. Saudi Arabia, which took $110 million of U.S. agricultural products in 1974, could boost imports to $150 million this year.

Conversely, firming of ties between U.S. and Mideastern agriculturalists could help to strengthen trade bonds further. Substantial equipment imports will be required, as will imports of certain farm products. Expanded livestock programs, for example, could up demand for U.S. grains and oilseeds.

Saudi Arabia Targets Vast Sums for Development

By JOHN B. PARKER, JR.
Foreign Demand and Competition Division
Economic Research Service

WITH A MOUNTAIN of oil money already banked—and additional vast revenues virtually guaranteed—Saudi Arabia has launched what is probably the world's most ambitious economic development program. A part of this effort will be to wring increased agricultural production from an inhospitable desert land—an essential goal if the country is to keep food production expanding at the same rate as its mounting consumption needs.

Saudi Arabia's current 5-year plan tarkets an annual $60 billion—exceeding many GNP's of nations—for economic, agricultural, social, and military development. Although strong emphasis is being placed on heavy industry, such as petroleum refineries and petrochemicals, many aspects of the development plan will benefit agriculture. These include new highways, fertilizer and pesticide factories, desalinzation plants, modern warehouses, and irrigation projects.

Even if the added investments succeed in pushing farm output to higher levels, Saudi Arabia's farm imports are likely to continue expanding at the rapid pace of the past few years. A growing population and aspirations for a better life have created an unprecedented demand for more and better food.

Thus, Saudi imports of agricultural products skyrocketed from just $186 million in 1970 to about $567 million in 1974. During this same period, grain production rose by almost 30 percent, while commercial vegetable production nearly doubled.

Saudi Arabia must increase its farm production if it is to continue producing at least a third of its food supply domestically. Consumer expectations, as well as buying power, are ballooning and the Government is anxious to raise living standards. The average Saudi diet, for example, contained only about 2,200 calories a day in the 1960's, and consisted largely

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Iran's Approach: Import Commodities Plus Skills

By H. CHARLES TREAKLE
Foreign Demand and Competition Division
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IRAN'S INCENTIVES to speed the development of its agricultural sector have thus far failed to stimulate the desired growth rate of 7 percent annually.

Although the Iranian economy is projected to expand by a strong 26 percent in each of the next 2 years, the lagging agricultural sector appears to be headed for a probable annual growth rate of only about 4 percent, thus necessitating a continued high level of farm imports.

Iran's agricultural imports in 1975 may reach a total value of $1 billion or more, with about 75 percent of this value in commodities and products imported from the United States. Iran thus could become the sixth largest market for U.S. agricultural products.

Since the early 1960's, Iran has launched a number of programs to speed the growth of the agricultural sector, but the growth rate has continuously fallen well behind that of most other sectors of the overall economy. The Government-directed activities include:

- A land reform program, now completed;
- A system of rural cooperatives to give guidance, assistance, and easier credit to the former tenant farmers who are now landowners;
- Establishment of farm corporations for the economic management of large holdings and to consolidate and improve fragmented land holdings;
- Promotion of agribusiness—large, technically advanced, and capital-intensive agricultural production and processing units.

The Fifth Five-Year Plan, revised in late 1974, earmarks farm corporations and agribusiness operations for a substantial degree of expansion during the remaining segment of the

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Shifting desert sands border date groves at Hofuf, Saudi Arabia, left, and watermelon gardens in the Al Kharj area, right.

Saudi Arabia

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of cereals, fruits, and vegetables. By 1974, average caloric intake had risen to 2,500. By 1980, diets could contain 3,000 calories—including a much greater proportion of high protein foods.

Population pressures are likely to continue strong. Improved medical and health services, especially in rural areas, could push the country's growth rate over 3 percent annually. Immigration is also adding substantially to population. About 1 million immigrants, mostly from Yemen, now live in Saudi Arabia. And the number of skilled Europeans, Americans, Japanese, and Koreans residing in Saudi Arabia is rising, contributing strongly to the demand for imported processed foods.

Almost half of Saudi Arabia's estimated 6 million people were employed in agriculture in 1974. They contributed less than 5 percent of the country's GNP, however, owing to the tremendous share provided by petroleum revenues—over $20 billion in 1974. As petroleum earnings rise, Saudi Arabia will be able to make larger investments in its agriculture, and provide an infrastructure more conducive to agricultural production and marketing.

Saudi Arabia covers an area about the size of the United States east of the Mississippi, yet its arable cropland is no larger than Delaware. Seasonal pastures cover about 40 percent of the crop area in winter and spring. Over half of the country conforms to the picture often portrayed in travel folders—an area of shifting desert sands.

In spite of the challenges posed by climate and soil, modern farm practices are becoming more common in Saudi Arabia today. Use of the newer techniques is frequently encouraged by an array of Government subsidies aimed at lowering farm production costs.

Government subsidies, for example, pay half the cost of fertilizer purchased by farmers or urban gardeners. Payments for tractors and other farm equipment purchases range from 25 percent for an individual to 45 percent for purchases by a cooperative. Irrigation water—usually including equipment—pesticides, and several other inputs are provided free to farmers. Moreover, generous, interest-free loans are available to farmers from the country's Agricultural Development Bank.

Rural residents are also benefiting from higher spending by the Saudi Arabian Monetary Agency for education and other programs. Adults are paid to attend school or may participate in educational programs conducted on television. Some of these programs educate farmers on improving farming techniques, including raising new breeds of livestock, and using new high yielding varieties of cereals or vegetables.

In the area of higher education, some Saudi Arabian young people are attending foreign universities to learn about agriculture, and are returning home with new ideas and plans for farming. Graduates are playing an active role in commercial farm operations, making extensive use of modern machinery and immigrant labor from Yemen.

While Saudi Arabia has capital to "make the desert bloom," shortages of water and labor are combining to restrain its agricultural development.

In spite of the influx of migrant labor, the farm population is just holding its own, since many rural residents are forsaking their farms for cities, where rising petroleum revenues have led to higher Government spending. To compensate for the growing farm labor shortfall, Saudi agriculture is likely to become progressively more mechanized.

Saudi agriculture is a study in contrasts. On one hand, most farms are relatively small—less than 6 acres in size. Over three-fourths of all land holdings are under 3.7 acres, and only 4 percent are over 25 acres. Conversely, pastures owned jointly by nomadic tribes or by farm cooperatives are vast, although much of the land is unsuited for cultivation.

In 1970-71, the agricultural census showed 189,713 farm holdings, covering a total of 3.5 million acres, including 1.3 million of irrigated land. About a fifth of the cropland was irrigated from underground water, while the remainder included land irrigated from trapped rain water. Most of the irrigated area using underground water is located in Riyadh, Qasim, Eastern, and Mecca amirates (regions). By contrast, the Jizan area in the southwest has fertile alluvial soils and receives up to 15

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Iran

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1973-74/1977-78 plan.

Between 1970 and 1974, Iran's per capital gross national product (GNP) almost tripled, rising from $500 in 1970 to $1,400 in 1974. Overall economic growth rate was 33 percent in the year ended March 20, 1974 (end of Iranian calendar year 1352), and a growth rate of 44 percent is estimated for the year ended March 20, 1975. The twice-revised Fifth Five-Year Plan projects a tapering off of this trade to about 26 percent annually during the next 2 years.

Iran's rapidly expanding oil revenues have greatly improved the resources available for development expenditure financing, so that funds should be available in the short run and thereafter, unless there is an overextension of resources or a shift in the world energy picture.

The primary objective of the Fifth Five-Year Plan continues to be achievement of a high rate of economic growth for maintenance of domestic stability. But during the two revisions of the plan, careful analysis was carried out for the selection of the sectors of the economy to receive priority, and the agricultural sector was found to be one of those in particular need.

Government planners concluded that stepped-up agricultural production was required to meet both the growing domestic demand for food—a demand mainly generated by the greater affluence of rising incomes—and to meet increasing industrial requirements.

The revised plan now allocates about $7 billion to agriculture—almost double the expenditure allotted in the original plan. The growth rate for the agricultural sector is projected at 7 percent per annum—significantly above the 1974 growth rate 4 percent.

The projected 7 percent growth rate for agriculture is still well below most other important sectors for the overall economic growth rate of 26 percent projected for the next 2 years—a rate that has been scaled down considerably from the estimated 44 percent rate for the year that ended March 20, 1975, and which may be scaled down further in response to various factors.

Situations such as the current worldwide inflation problem, the dwindling supply of skilled workers in Iran, and the possibility that demand may become less elastic all have to be considered. In addition, further family planning programs designed to cut the rate of population growth in half over the next 20 years may also affect the GNP growth rate.

As incentive to encourage investment in agricultural development through intensive farming methods and progressive agricultural enterprises, special credits, tax exemptions, and low interest rates are being offered.

To meet the need for skilled workers in many categories, that Government is launching massive vocational training programs that will require many foreign instructors and extension workers. The U.S.-Iranian agreement announced on March 4, 1975, includes the use of U.S. specialists in many of these categories.

Such specialists will be needed to equip—as rapidly as possible—a new echelon of semiskilled and skilled farm managers and specialists in all types of agricultural endeavors—agronomists, soil technicians, hydrologists, horticulturalists, poultry and livestock specialists, and range managers. These will be required in addition to the skilled workers needed for other sectors of the economy.

In 1974, the agricultural sector of Iran's economy contributed about 12 percent of the country's gross domestic product (GDP) and employed about 40 percent of the labor force—a decline, within the past 10 years, from about 26 percent to the present 12 percent level. This decline reflects the sluggish agricultural growth rate that has averaged about 4 percent.

Several factors have contributed to agriculture's lackluster performance. Foremost, farming is principally de-

New Joint Aid Programs

Under a new concept in technical assistance, the United States will share with Iran and Saudi Arabia some of the expertise that has made it the world's most efficient agricultural producer.

Plans for stepped-up U.S. technical cooperation in agriculture with these nations are being carried out by Joint Commissions, inspired by U.S. peace-keeping efforts in the Mideast. The Commissions represent a new type of "participatory aid program," according to Quentin M. West, Administrator of USDA's Economic Research Service, who is U.S. agricultural representative on the Iran, Saudi Arabia, and Egypt Commissions.

The "participatory" concept stems from joint representation on the Commissions of the United States and the recipient nations. Thus, these countries are cooperating fully in planning their own development programs, carrying them out, and in some cases, financing them. Commission-type development efforts are also spreading to India, Israel, Jordan, and Tunisia.

Much of the planning is still preliminary; hard facts such as dollars and staffing are not yet settled. "This represents a real opportunity to expand the scope of agricultural technical cooperation," West says. "Countries like Saudi Arabia and Iran have plenty of financing, they have big ambitions, and they've got the resources—what they don't have is the trained manpower. This is where the United States can make a significant impact on their development programs."

West noted direct benefits to the United States as well. "We will all be better off with a peaceful Middle East—a prime aim of the Commission efforts—and it will provide an opportunity to recycle some of the petro-dollars." The Iran Commission, for example sees a target of $15 billion in total nonoil trade between the United States and that nation during the next 5 years.

Agriculture is only a part of the wide-ranging Commission efforts. The Iran pact, for example, covers development of civil nuclear energy, joint private ventures in manufacturing and investment, oceanography research, and agricultural development, as well as in several other areas.

The Saudi effort includes planning a Central Research Laboratory and Agricultural Training Center in the Ministry of Agriculture and Water and feasibility studies for developing large agricultural areas.

Right, an Iranian baker exhibits some Tuftoon bread—a type of unleavened wheat bread popular in Iran. Far right, leveling of land, an increasingly common sight in fast-developing Iran.

pendent on railfall, small diversion dams in streams, and on an extensive network of ghanats (underground channels).

The usefulness of the dams and ghanats are to a considerable degree subject to seasonal fluctuations in annual precipitation.

With frequent droughts and seldom more than minimum soil moisture—even in good crop years—a restraint is placed on any rapid expansion of area to include unused lands. Also, any one year's crop yields are limited by the amount of soil moisture available in that season.

Large multipurpose dams were a part of the development program at the start of the first 7-year development plan in 1949, and major efforts for water resource improvement and water control were marked for the largest allocations of development funds.

These big dams have been important projects, and they have supplied water for irrigated agriculture and will supply it at an increasing rate, but to date they have not been a deciding factor for increasing the agricultural growth rate, although they have contributed considerably toward raising the living standards in some rural areas and villages.

The dams are multipurpose structures, designed for power generation, flood control, community water supplies, irrigation water, and sometimes industrial use.

The large projects, especially those associated with infrastructural networks, fell behind the targets set in the previous plans, and now appear to be behind schedule in the current plan. Because these large projects overlap several sectors of the Iranian economy, more detailed Government attention and clear economic reappraisals of their implementation schedules may be important.

In all the earlier plans, it was found that agriculture received levels of development expenditure that resulted in a lack of impact on the agricultural sector of the economy. Circumstances indicate a continued reliance of about 80 percent of the country's farm families on traditional farming practice and practices and techniques.

The land reform program initiated in 1962 has accomplished redistribution of land to an impressive number of former tenants and sharecroppers, but although they now own the land they cultivate, a large proportion of farmers still use the same cropping patterns and inefficient and ancient modes of operation they formerly used as tenants.

Iran produces a wide variety of agricultural products, but grains account for more than two-thirds of the value of agricultural output, while the value added by livestock amounts to about 27 percent.

The most important crops are wheat, barley, rice, cotton, sugarbeets, sugar cane, oilseeds, tea, tobacco, and dates. In 1974, Iran exported about 40,000 tons of its 310,000-ton date crop. In the livestock sector, in addition to some 33 million poultry, recent unofficial estimates indicate about 35 million sheep, 15 million goats, 7 million cattle, and about 450,000 buffalo, camels, and pigs.

In a few years of very favorable weather, Iran was either self-sufficient or nearly so in the production of wheat. The country's agricultural economy has the potential to produce several crops at levels of self-sufficiency.

But in recent years agricultural production has just managed to keep a little ahead of the annual population growth rate of over 3 percent. Now, the Government has decided to make overt moves to push this year's production by activities affecting several specific commodities.

To increase wheat production, for example, the Ministry of Agriculture has concluded agreements with farmers to expand wheat area, to distribute seed varieties, and to distribute 26,000 tons of chemical fertilizer.

Also, the Government has announced plans for pushing toward self-sufficiency in soybean production by inducing farmers to switch some cotton land in Fars Province and on the Moghan Plain to soybean crops.

In addition, because sugar consumption at about 840,000 tons is still 200,000 tons below total output, strong efforts will be made to increase production of both beets and cane.

Even if Iran does succeed in stepping up agricultural production to sustain a 7 percent or higher growth rate for the next several years, agricultural imports will necessarily continue to grow.

In view of the expanding rate of food consumption and the increasing demand for more and a greater variety of food products, U.S. farm products should rank high among the items that make up the $15 billion bilateral U.S.-Iranian trade agreement.

In 1974, Iran became a major food importing country with a sudden surge of foreign purchases. Exports from the United States, which totaled $109 million in 1973, jumped to $535 million in 1974 and principally included 1.4 million tons of wheat valued at $257 million, 185,000 tons of rice worth $102 million, 116,000 tons of corn valued at $16.7 million, 59,400 tons of barley at $9.4 million, 150,000 tons of soybean oil worth $100 million, and 30 700 tons of inedible tallow worth $13.2 million.

Saudi Arabia

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inches of rainfall annually.

Desalinization plants, which will provide irrigation water for coastal farms, are planned or being built along the Persian Gulf coast of Eastern Province between Dhahran and Kuwait and also in the west of the country, bordering the Red Sea.

Multiple cropping is practiced intensively in Saudi Arabia, with more than one crop being harvested each 12 months on about two-thirds of all cropland. As irrigation facilities and marketing opportunities improve, multiple cropping could become even more important. Two crops of sorghum, for instance, are grown annually in some fertile fields near Jizan.

Saudi Arabian farmers find it to their comparative advantage to grow vegetables rather than wheat, on irrigated land near urban centers. During the summer months, urban shoppers depend heavily on imported canned foods for vegetables rather than wheat on irrigated land plant, squash, cucumbers, and okra are important crops that can be grown in the long, hot period from late April to early October. Eggplant production, for example, now exceeds 250,000 tons annually.

Tomatoes are grown throughout the year, although about 80 percent of the harvest occurs in the winter and spring. Output of tomatoes in 1974-75 is expected to be about double the 80,300 tons harvested from 24,700 acres in 1970-71. Other important vegetable crops grown during the winter include onions—100,000 tons—and various types of lettuce, cauliflower, cabbage, radishes, and carrots.

BOOMING urban demand in Saudi Arabia and neighboring countries offers excellent marketing opportunities to farmers growing vegetables in irrigated areas. Some of the most profitable vegetable farms, however, are operated as a sideline by Saudis who have large incomes from other sources.

The amirate of Qasim, the location of the major research station, has had the most spectacular success stories for production of vegetables and high-yielding varieties of wheat. This region now produces about a million tons of watermelons annually—more than 5 times the level of a decade ago. Greater use of fertilizer and irrigation water for new varieties of watermelons imported from the United States has caused striking gains in yields.

Some farmers in Qasim amirate use disease-resistant varieties of watermelons to produce two crops a year for yields of 42 tons per hectare. They receive a minimum of $70 per ton for their melons, thus grossing $1,189 per acre. By contrast, they can produce 2.5 tons of wheat per hectare, which at $170 per ton will bring $172 per acre. Production costs for watermelons and wheat are about the same—$100 per acre—since fertilizer is subsidized and irrigation water and pesticides are free.

Saudi Arabia now produces over 1.3 million tons of watermelons annually. Production of cantaloups, honeydew melons, cucumbers, and pumpkins in central oasis areas has also increased.

Saudi farmers use over 200 million acres of land for seasonal grazing. They maintain about 4.2 million sheep and goats, 500,000 camels, and 300,000 cattle. The donkey population declined below 1 million in 1974, however, because of greater use of tractors and trucks in rural areas.

During the hot, dry summer, most animals are brought into oasis areas where their owners provide food for them. Losses are heavy when animal feed becomes scarce, however, and programs to provide subsidized feed during summer months would benefit livestock farmers.

Alfalfa, wheat straw, sorghum, and millet are important animal feeds. Saudi farmers harvest about 600,000-700,000 tons of alfalfa annually for hay, and their animals utilize about 2 million tons in pastures. Pumpkins, squash, and, occasionally even watermelons are also fed to animals in the summer in Qasim amirate. In the Asir highlands, where the mild year-round climate and growing domestic coarse grain supply provide advantages, large commercial feedlot operations are planned.

The rapid expansion in urban demand for meat in Jidda, Mecca, and Medina has caused meat shortages, since imports of live animals from Ethiopia have declined sharply. Local poultry operations provided only about one-third of the broilers and half the eggs consumed in Saudi Arabia in 1974.

Although livestock operations are a major source of income in rural areas, cereals and horticultural crops have gained significance during the last decade. Ranching has not expanded and the traditional life of the nomadic Bedouin herder is changing rapidly, owing to migrations to cities where employment opportunities are excellent. Most Bedouins now use trucks rather than horses and camels to watch over their flocks of sheep and goats.

Total grain production increased from about 453,000 tons in 1971 to about 570,000 tons in 1974, mostly because of rising output of coarse grains in the southwest, where rainfall ranges from 10-15 inches annually.

NEW varieties of sorghum and millet from the United States and India have enabled some farmers in the Jizan area of southwestern Saudi Arabia to improve yields. Millet yields are already higher than those reported in India, but sorghum yields are still low. Two crops of cereals are grown annually on most of this land.

Area covered by sorghum and millet approximates 741,000 acres annually, but through multiple cropping, the area harvested totals about 1.5 million acres. Output of sorghum and millet could reach 800,000 tons by 1980 through expanded use of high-yielding varieties and greater use of fertilizer. Most of the water needed for these crops is provided by winter and spring rains and irrigation from rainfall trapped in small lakes and ponds.

Coarse grain yields could be improved significantly by programs to provide new technology and agricultural education for farmers. Small fields of corn, grown near cities along the Red Sea, could become more productive through expanded plantings of hybrid varieties.

The area planted to wheat averaged about 247,000 acres in the 1960's. In 1971, however, only 74,000 acres of wheat were harvested. One reason for the decline was a marked shift to vegetable crops in irrigated areas north of Riyadh. Also, farmers in the Asir highlands have found new drought-tolerant sorghum and millet varieties more profitable than wheat.

Even so, greater use of fertilizer from the Damman plant and careful control of pests have dramatically boosted wheat yields. The use of new high yielding varieties has enabled Saudi farmers to get about 2.4 tons per hectare in recent years. Mexipak wheat from Pakistan and Kalyan Sona from

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Dairy Surpluses Continue To Plague European Community

By THOMAS M. SLAYTON
Foreign Commodity Analysis, Dairy, Livestock, and Poultry
Foreign Agricultural Service

THE EUROPEAN COMMUNITY, traditionally plagued by surplus supplies of milk and dairy products, continued to expand its milk output in 1974 and seems headed for a further increase this year. A significant changeover in milk usage is in view, however, as the milk that flowed into cheese production in 1974 is diverted back into butter and nonfat dry milk (NFDM).

EC consumption of fluid milk, however, is slated to rebound from last year's slowdown. Thus, the bulk of the production increase will be marketed as fluid milk, rather than products. And factory and feed usages will likely fall 1 and 1.5 percent, respectively, below last year's levels.

This year's shift from cheese production into butter and NFDM is tied to an anticipated decline in cheese prices, stemming from the sharp buildup in cheese stocks last year. Since the 1974 increase in cheese output could not be disposed of completely—even though exports rose 7 percent and domestic consumption nearly 2 percent—cheese stocks surged by almost 11 percent, exerting a depressing effect on prices.

In 1975, EC consumption of cheese could again rise by about 2 percent, and trade is expected to continue to be brisk. Cheese exports, including intra-EC trade, will probably soar to 720,000 tons—nearly 11 percent over 1974's peak performance. The recent EC agreement to suspend export subsidies on certain classes of cheese to the United States may reduce exports below this level, however.

Expanded EC production of butter in 1975 will probably result in a sizable stock buildup—reversing the trend of 1974, when butter stocks fell by almost 22 percent. Despite a likely upswing in domestic consumption, falling export tonnage (off an estimated 9 percent) will probably cause stocks to accumulate.

Paralleling the increasing butter production is the rise in NFDM output, which is sure to exacerbate already difficult stock disposal problems. NFDM stock levels, which increased nearly 4 percent in 1974, could jump another 16 percent in 1975. Consequently, imports are expected to fall by 12 percent, and exports will likely rise nearly 5 percent. Even so, this will do little to offset the production buildup, particularly in light of a predicted slump in domestic consumption of nearly 43,000 metric tons.

On a country-by-country basis, the EC milk and dairy product situation in 1974 and the outlook for 1975 is as follows:

In general, large gains in milk production in 1974 in the Benelux countries—Belgium, Luxembourg, and the Netherlands—partly offset downturns in Ireland, Italy, and the United Kingdom, causing EC-wide production to increase slightly over that of 1973. Declining or stagnating production in most of the world's other major milk-producing countries bolstered foreign demand for dairy products, inducing an across-the-board increase in Benelux output of butter, cheese, and NFDM. Despite stronger exports, however, stocks levels for these commodities rose.

Community milk production is expected to advance by almost 1 percent in 1975. While little change is expected among the new EC members—the United Kingdom, Ireland, and Denmark—and Italy, a large increase is expected in the Netherlands, as well as a small rise in France. Despite the shift in dairy product utilization from cheese to

U.S.-EC Actions Avert Cheese War

The U.S. Treasury Department decided late last month not to impose countervailing duties on imports of subsidized cheese from the European Community after the EC modified its subsidy system to meet U.S. objections.

The EC ended restitution payments (subsidies) on those cheeses that compete directly with U.S. domestic production — Emmenthaler, Gruyere, and Cheddar, and Colby, Monterey, and Cheddar-type low-fat cheeses generally used for processing. Subsidies will continue to be paid on higher priced, fancy table cheeses, such as Edam, Gouda, Blue, Mold, Italian types, and other specialty cheeses.

The action followed extensive discussions between U.S. officials and EC representatives in an effort to resolve the issue, which centered on whether EC subsidies met criteria that would give the Secretary of the Treasury discretion to waive imposition of countervailing duties.

In an announcement April 24, the Acting Treasury Secretary held that the EC dairy export system constitutes a bounty or grant (subsidy) under the U.S. Countervailing Duty Law, but that modifications made by the EC since the issue arose met the criteria for waiver of imposition under the Trade Act of 1974.

The criteria are that adequate steps have been taken to reduce substantially or eliminate the adverse impact of any subsidy; that there is a reasonable prospect to negotiate limitations to nontariff barriers in the multilateral trade negotiations; and that imposition of the countervailing duties would be likely to seriously jeopardize those negotiations.

The wavier must be revoked if the basis supporting the determination ceases to exist. The waiver is subject to override by either House of Congress, but this is not likely, since Members of Congress as well as representatives and Federal agencies were involved in the discussion of the domestic dairy industry leading to the action.

The cheeses on which the EC removed its subsidies represent about 40 percent of EC cheese exports to the United States in 1974.

butter and NFDM—which will likely pose disposal problems—the Dutch, Danes, and Germans could expand cheese production by 3 percent or more.

France—by far the largest milk producer within the Community—posted a 1.1 percent output rise in 1974 to 29.6 million metric tons. Year-end farm prices—12 percent above those of December 1973—offset relatively scarce and poor-quality feed stocks caused by last year's drought in west-central France. A resulting herd expansion offset a slight yield decline.

French butter and nonfat dry milk production declined in 1974, while cheese and fluid milk utilization rose. High prices for margarine stimulated domestic butter consumption. Butter stock disposal, subsidized by means of reduced prices to the food industry and food aid programs, reduced public butter stocks by 28,000 tons. Butter exports, however, plummeted by 50 percent. Despite a downturn in French nonfat dry milk production, lower exports resulted in growing intervention purchases, causing great concern to the French dairy industry.

In the cheese sector, which is heavily dependent upon exports, sales leveled off after years of expansion. Although the value of French dairy exports rose 34 percent in 1974, most of the expansion occurred in exports of fluid milk and casein, while the quantity of cheese exports increased only 2 percent.

In 1975, a continued advance in French milk production is expected as a slightly smaller cow herd expands yields—to rise nearly 2 percent. Increased output per cow, however, will depend on improvements in forage conditions and relatively less expensive grain. Additionally, Government intervention in the form of payments to dairy farmers for "keeping" up to 15 cows will be paid in 1975. These direct payments may well become a permanent fixture on the French dairy scene as the larger number of small herd owners apply pressure to the Government for payment retention.

More of France's milk output will likely be utilized in factories in 1975, resulting in larger production increases in butter and nonfat dry milk and a smaller increase for cheese. In the butter sector in particular, large export shipments will be necessary to prevent stocks from rising to unwieldly levels.

The second largest dairy producing nation in the Common Market, **West**

EC COW'S MILK PRODUCTION, 1973-75

Country	1973	1974	1974 Change from 1973	1975[1]	1975 Change from 1974
	1,000 M. tons	*1,000 M. tons*	*Percent*	*1,000 M. tons*	*Percent*
Belgium-Luxembourg	3,850	3,989	+ 0.6	4,018	+ 0.7
Denmark	4,729	4,810	+ 1.7	4,800	—
France	29,291	29,600	+ 1.1	30,000	+ 1.4
West Germany	21,266	21,400	+ 0.6	21,500	+ 0.5
Ireland	4,161	4,036	— 3.0	4,036	—
Italy	9,955	9,650	— 3.1	9,600	— 0.5
Netherlands	9,354	9,896	+ 5.8	10,350	+ 4.6
United Kingdom	14,287	14,076	— 1.5	14,065	—
Total EC	96,893	97,457	+ 0.6	98,369	+ 0.9

[1] Forecast.

EC BUTTER PRODUCTION, 1973-75

Country	1973	1974	1974 Change from 1973	1975[1]	1975 Change from 1974
	1,000 M. tons	*1,000 M. tons*	*Percent*	*1,000 M. tons*	*Percent*
Belgium-Luxembourg	96	100	+ 4.2	102	+ 2.0
Denmark	146	138	— 5.5	140	+ 1.4
France	550	533	— 3.1	560	+ 5.1
West Germany[2]	513	511	—	520	+ 1.8
Ireland	87	72	—17.2	73	+ 1.4
Italy	62	59	— 4.8	60	+ 1.7
Netherlands	169	172	+ 1.8	185	+ 7.6
United Kingdom	96	52	—46.0	45	—13.5
Total EC	1,719	1,637	— 4.8	1,685	+ 2.9

[1] Forecast. [2] Includes farm production.

EC CHEESE PRODUCTION, 1973-75

Country	1973	1974	1974 Change from 1973	1975[1]	1975 Change from 1974
	1,000 M. tons	*1,000 M. tons*	*Percent*	*1,000 M. tons*	*Percent*
Belgium-Luxembourg	40	45	+12.5	40	—11.2
Denmark[2]	124	145	+16.9	140	+ 3.4
France	885	916	+ 3.5	925	+ 1.0
West Germany[3]	558	592	+ 6.1	610	+ 3.0
Ireland	42	58	+38.0	57	— 1.7
Italy	435	429	— 1.4	430	—
Netherlands	333	375	+12.6	400	+ 6.7
United Kingdom	182	225	+23.6	130	—42.2
Total EC	2,599	2,785	+ 7.2	2,732	— 1.9

[1] Forecast. [2] Fresh weight less 3 percent shrinkage. [3] Includes farm production.

EC NONFAT DRY MILK PRODUCTION, 1973-75

Country	1973	1974	1974 Change from 1973	1975[1]	1975 Change from 1974
	1,000 M. tons	*1,000 M. tons*	*Percent*	*1,000 M. tons*	*Percent*
Belgium-Luxembourg	116	125	+ 7.8	128	+ 2.4
Denmark	52	53	+ 1.9	55	+ 3.8
France	699	664	— 5.1	697	+ 5.0
West Germany	460	492	+ 7.0	520	+ 5.7
Ireland	103	109	+ 5.8	110	+ 0.9
Italy	6	6	—	7	+16.7
Netherlands	128	139	+ 8.6	145	+ 4.3
United Kingdom	156	103	—44.0	90	—12.6
Total EC	1,720	1,691	— 1.7	1,752	+ 3.6

[1] Forecast.

Germany, also experienced a small increase in milk production in 1974. Blessed with favorable weather, German producers enjoyed an early start on a grazing season that favored grass growth. A hay crop that was large, although somewhat lacking in quality, and declining soymeal prices induced larger output per cow in a slightly declining German herd population.

Butter production, representing a little over half of the milk delivered to dairies, fell slightly in 1974. Rising consumer prices and increased consumer health and diet consciousness led to a 3 percent drop in butter consumption. Butter stocks, which fell by 41,000 tons, would have been higher if high margarine prices and the subsidized butter sales to bakers and ice cream producers had not prevented an even bigger butter consumption drop.

Increased popularity of hard and semihard cheeses led to a 4 percent upswing in per capita consumption, spurring domestic cheese production as well as larger imports. Hard cheese imports were up 24 percent in value and semihard cheese imports leaped almost 35 percent.

But large nonfat dry milk intervention purchases were necessary as NFDM production nearly doubled, almost choking off imports. The surplus was exacerbated by a fall in domestic consumption of 3 percent, and, more important, an export decline of 11 percent.

Although West Germany does not maintain special support programs, recent Community price increases for milk and dairy products, which totaled 13.4 percent, combined with an additional 8 percent rise in the milk target price for the 1975-76 dairy year, are expected to stimulate herd growth in late 1975 and early 1976. This should result in a small expansion of West German milk production in 1975.

Even the slight output rise will aggravate difficulties in marketing dairy products. Consumer resistance to higher prices in the open market will probably heighten intervention stockpiling of butter and nonfat dry milk. Unless export possibilities brighten, butter intervention stocks could increase by 20,000 tons and nonfat dry milk stocks could reach 230,000 tons. Cheese production is also expected to increase by 3 percent in 1975 to meet mounting consumption needs.

The year 1974 was very profitable for the **Dutch** dairy industry. Combined yield and herd expansions boosted milk production by almost 6 percent.

Local and export demand for cheese rose so rapidly that a very large part of the increased milk deliveries went directly into cheese production, limiting diversion of excess milk into butter production. Because domestic demand was especially strong, this resulted in a net decline in Dutch butter stocks.

For 1975, an anticipated 4 percent rise in cow numbers, coupled with an expected rise in milk yields, may create disposal problems in the butter-NFDM sector as an increasing amount of milk output is delivered for processing.

Dutch cheese production is expected to increase in 1975, with exports advancing about 12 percent and domestic consumption up about 5 percent. The cheese sector, however, may not be able to absorb all of the excess milk output.

WHILE DUTCH domestic consumption of NFDM is expected to rise over 10 percent, this will be insufficient—given an expected fall in exports—to prevent large intervention purchases. Stagnant domestic consumption of butter, in conjunction with a continued decline in exports, is also likely to result in higher butter stock levels.

Italy's drop in milk production in 1974 came as unusually dry weather, combined with curtailed use of high-priced concentrated feeds, depressed per cow yields. But more important was an overall 6.4 percent decline in dairy cow numbers, most of which occurred in small herds.

Italy's chronic milk shortfall was only partially offset by a 30 percent jump in fluid milk imports.

While prices paid to dairymen rose in 1974, it was too little, too late. Much of the shortfall in milk was absorbed in the manufacturing sector, as both butter and total cheese production dropped. Within the cheese sector, the production of soft cheeses increased relative to hard seasoned cheeses.

In 1975, milk production in Italy is expected to continue its downward slide, as culling of the cow herds continues. New pricing contracts and continued strong demand, however, could slowly turn things around, so that by 1976 output may stabilize. Production of milk from other than dairy cows, which represents only about 4 percent of total milk output, is expected to continue to decline in importance.

Relative stability is expected in factory production of butter and cheeses as well as imports. Devaluation of the "Green Lira" relative to the unit of account, along with revaluation of the German and Dutch currencies, should tend to discourage expanded dairy sales to Italy.

In **Belgium-Luxembourg,** milk production increased by 4 percent in 1974, reflecting larger cow numbers and higher average yields per cow. The rise was held in check by unfavorable weather conditions, however, which extended winter confinement, and smaller harvests of hay, which forced larger purchases of costly concentrates. Most of the increased milk production went into greater factory utilization.

While not much expansion of milk production is expected in Belgium-Luxembourg in 1975, product utilization there will likely shift from cheese production—which could fall back to 1973 levels—to the butter-NFDM sector. While stock levels are expected to rise somewhat for butter, the buildup is likely to be even more sharp for NFDM, since exports will probably not sufficiently offset the gain in output and fall in domestic consumption.

Denmark's dairy industry chalked up a good year in 1974. Milk production climbed during the summer despite poor pasture conditions, but leveled off in the fall and dropped at year's end despite a more favorable milk-feed ratio. The larger milk production was used to boost cheese output because of strong export demand and good profits relative to those to be earned in butter production.

While cheese and nonfat dry milk production increased, butter processing plants were short of milk and their output declined, as did stock levels. An increase in Danish butter consumption of nearly 9 percent cut United Kingdom importers short of demand.

The reduced butter output, in turn, caused a falloff of NFDM production and stocks. Owing to lower prices of vegetable protein, however, pork producers purchased less skim milk for feeding, leaving surplus skim milk available for low-fat cheese production.

While 1974 was a good year for the Danish dairy industry, the outlook for 1975 is less promising. Milk output is unlikely to surpass the 1974 level, since little herd expansion is envisioned.

Milk utilization, however, is expected

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U.S. Farm Exports Hit $16.9 Billion in July-March

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EXPORTS OF U.S. farm products in the first 9 months of fiscal 1975 (July 1974-March 1975) rose to an alltime high of $16.9 billion, 7 percent ahead of the comparable period a year earlier. All of the increase occurred from higher prices, as volume declined by 15 percent during the first three quarters of the current fiscal year.

Export unit value was up about 24 percent during the first 9 months of fiscal 1975, compared with that period a year earlier. It climbed sharply in the late summer and early fall of 1974 because adverse weather caused a shortfall in U.S. production. But prices started to decline rather sharply in November.

Some of the reasons for this rather precipitous drop in prices include prospects of record crops during 1975-76, reduced purchases by centrally planned economies, and continuing economic stagnation in major developed markets.

Overall, the volume of agricultural exports totaled 69 million tons in July 1974-75, down 14 percent from the 80 million tons for the same months a year earlier.

Although U.S. agricultural imports gained 5 percent during July 1974-March 1975, the favorable U.S. agricultural trade balance rose to a record $9.6 billion from around $9 billion a year earlier. This record agricultural trade balance helps to offset the deficit in the nonfarm trade balance of $12 billion, to limit the total deficit to $3.5 billion during July-March.

A year earlier, the United States had a total trade surplus of $3.5 billion. Of course, the biggest component in this increased deficit was caused by the substantial rise in the cost of U.S. petroleum and petroleum product imports, which rose to $20 billion in July-March 1974-75 from $9.2 billion a year earlier. It is probable that the total cost of the petroleum imports during 1974-75 will exceed $25 billion.

During the first 9 months of the current fiscal year, some rather significant changes have occurred in principal markets of U.S. agricultural products. Exports to West and South Asia have risen sharply. However, exports to the centrally planned economies fell precipitously during this period.

U.S. exports to Western Europe in July-March totaled $5.6 billion, compared with slightly over $5 billion for the same months in 1973-74.

Despite the economic slowdown and relatively high feed prices, Western Europe has managed to maintain its livestock production at recent near-record levels. As a result, exports of feedgrains and soybeans to Western Europe continued at the near record pace of recent years; and with higher prices, their value showed a substantial increase. Exports of soybean oil also increased sharply to Western Europe because of the generally tight world oil situation that occurred earlier in 1974-75.

Exports of most meat products have declined because of the EC embargo. Drought conditions in Spain and Portugal stepped up the need to import grains and other agricultural products from the United States.

Japan continues as the single largest market for U.S. agricultural exports. In July 1974-March 1975, U.S. exports to Japan totaled $2.6 billion, up $50 million from the same period a year earlier. The increase in this 1974-75 period represented higher commodity prices.

Japan also remained a top market for U.S. animal products, especially inedible tallow, whole cattle hides, and pork; and for fruits and vegetables, nuts, and many other specialty agricultural products, and cotton.

During the past decade, agricultural exports to Japan increased on an annual average rate of 17 percent.

During the July-March period, Ca-

$22 Billion Exports Seen in '75, Down in '76

Despite the recent drop in world agricultural prices, the value of U.S. farm exports is expected to reach a record $22 billion in fiscal 1975, compared with the previous high of $21.3 billion reached last fiscal year.

While sales to various regions have changed slightly since the information released on February 7, 1975, the overall value remains at $22 billion.

The value for July 1974-March 1975 was $16.9 billion, which means only $5.1 billion more must be exported to meet the year's prediction of record U.S. agricultural exports. Large increases occurred this fiscal year over fiscal 1974 in such regional markets as West Asia where exports were more than double a year earlier; Western Europe outside the European Community, up nearly 10 percent; and South Asia, where purchases gained 74 percent over last year's.

U.S. exports of farm products for fiscal 1976 are now expected to approximate $18 billion. This represents a nearly 20 percent decline from those of fiscal 1975. Export prices have dropped significantly since January 1975 and this, no doubt, is bringing total value of U.S. exports down. Early indications of bulk commodity sales show a possible increase of 10 percent in overall volume. Volume of grains is expected to be up slightly while prices of these commodities are supposed to fall sharply. Some of the major changes in both quantity and value will occur in soybean and soybean products. Fruits, nuts, and vegetables are up slightly. Cotton export volumes may be up slightly over this fiscal year's dismal market, but value will remain about the same as last year. Tobacco quantities will probably increase.

Some of the developments expected to reduce exports during 1975-76 include slow recovery from the recession in most developed countries, expected gains in world agricultural production, and reduced export earnings by many major developing countries because of the sharp drop in prices of raw materials.

nada imported $945 million worth of U.S. agricultural products, compared with $866 million during the same period a year earlier. Canadian purchases of oilseeds and oilseed products, feedgrains, and fruits and vegetables were up significantly. Export volume was down for live animals and preserved meats, and cotton, but exports of fresh and frozen meats, dairy products, and animal fats were above the volume in the same period of 1973-74.

Transshipments of U.S. exports through Canadian ports amounted to $320 million, compared with $510 million during July 1973-March 1974.

U.S. agricultural exports to Southeast and East Asia, excluding Japan and the People's Republic of China (PRC), were valued at $1.5 billion during the 9-month period, 10 percent below the total of the comparable period a year earlier. Wheat and wheat product exports were threequarters of the volume in the same 9 months of 1974-75; the value of wheat shipments to the region was $433 million, 13 percent below the previous level.

Rice shipments to Southeast and East Asia were up 20 percent. The shift to less expensive varieties caused the value of rice exports to remain steady, at $261 million. The volume of cotton exports fell to two-thirds of last year's July-March period and feed grains fell to three-fifths of the previous volume.

Exports to South Asia grew from $490 million during July 1973-March 1974 to $854 million during July 1974-March 1975. Shipments to India were up 116 percent and 84 percent to Bangladesh, but were down 9 percent to Pakistan.

Wheat exports accounted for most of the gain in shipments to South Asia, rising from $352 million to $688 million. Drought conditions in India from the poor 1974 monsoon sharply reduced gran production and stepped up import requirements.

West Asian imports of U.S. farm products totaled $1.3 billion during the first three quarters of fiscal 1975, 2.3 times imports in the three-quarter period of fiscal 1974. Wheat exports to West Asia were valued at $542 million during July 1974-March 1975; export volume was almost double the level of the previous 9-month period.

The rate of expansion in farm exports to Africa has slowed during fiscal 1975. July-March exports were valued at $821 milion, 19 percent above the prior period's value. Wheat and rice exports declined significantly but exports of feedgrains, vegetable oils, inedible tallow, and tobacco were larger.

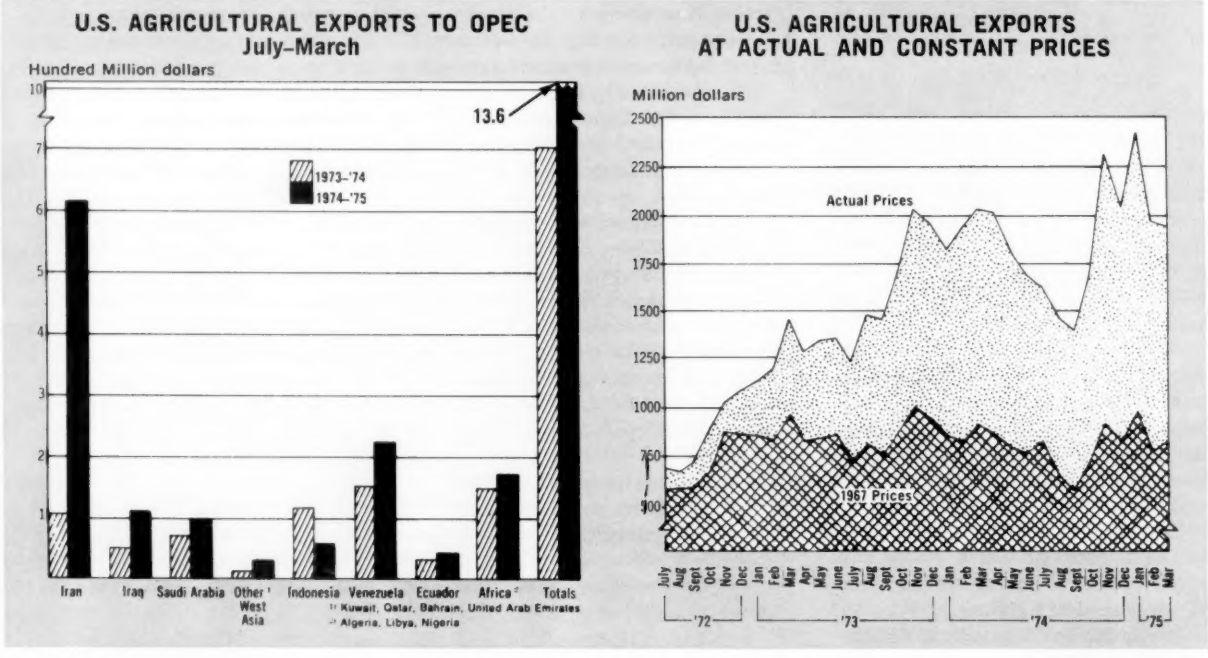
U.S. exports to Latin America totaled $1.9 billion during July-March, 11 percent above the total of the same months a year earlier. Exports of wheat, the major export commodity, dropped to $611 million in July 1974-March 1975 from last year's drought induced high.

During July 1974-March 1975, U.S. farm exports to OPEC (Organization of Petroleum Exporting Countries) were valued at $1.4 billion, nearly double the year-earlier 9-month value. Iran's purchases were up most sharply —460 percent. Saudi Arabia's imports were up 47 percent, due primarily to larger purchases of wheat flour.

Expanded exports of U.S. wheat and rice to Iraq pushed its purchases to 213 percent of the previous period's value. U.S. exports to other Arab OPEC countries were up 94 percent.

U.S. agricultural exports to the PRC declined to around $278 million from $695 million, with most of the decline occurring in exports of wheat, corn, soybeans, and cotton. Improved production in 1974 reduced the PRC's import requirements. In addition, the PRC has been concerned about the large trade deficit of nearly $1 billion and are taking steps to reduce this deficit balance by lowering its imports, including agricultural products.

U.S. agricultural exports to the USSR dropped one-third to $286 million, compared with $428 for the like months in 1973-74. Wheat and feedgrains accounted for most of the drop. A very



tight U.S. supply stemming from the adverse weather was a principal reason for the drop in corn exports to the USSR during the past 9 months.

Grains and preparations. Increased prices pushed the value of U.S. grain exports to $8.6 billion. The export volume of wheat, feedgrains, and rye was down. Exports of rice and some grain products were up from last year.

Exports of wheat, including products, totaled 22 million metric tons during July-March, compared with 26 million tons in this period a year earlier.

Markets showing the greatest declines were Brazil, Argentina, the PRC, and Taiwan. India, Japan, Korea, and Iran expanded imports of U.S. wheat. India became the leading market for U.S. wheat, increasing imports from $193 million to $536 million. Iran purchased $262 million worth of wheat, triple the amount purchased a year earlier.

During July 1974-March 1975, U.S. feedgrain exports totaled 27 million tons, valued at $3.8 billion. Exports during July 1973-March 1974 were 33 million tons, valued at $3.4 billion. Japan, the largest market, decreased its purchases to $790 million; volume was down 30 percent. Combined exports to the USSR and PRC were one-fifth the year-earlier volume. The EC increased its purchases of U.S. feedgrains to $1.3 billion; volume was up 8 percent.

During July 1974-March 1975, U.S. rice exports totaled 1.6 million tons valued at $739 million. Both the value and volume were up about 40 percent over July 1973-March 1974.

Oilseeds and products. Increased prices pushed the value of oilseed and oilseed product exports to $4 billion during July 1974-March 1975, from $3.7 billion during July 1973-March 1974.

Oilseed exports totaled $2.7 billion, compared with $2.5 billion in the first 9 months of the previous fiscal year. Soybean export volume of 330 million bushels was below the July 1973-March 1974 level by 12 percent. Export unit value for soybeans was $7.51 per bushel, compared with $6.29 per bushel a year earlier. Soybean exports to Japan, the Netherlands, West Germany, and Italy declined. However, the volume of exports to Spain was up 48 percent.

During July 1974-March 1975, vegetable oil exports reached $748 million, 2⅓ times the previous period's value. Soybean oil exports were valued at $426 million, compared with $156 million; export volume was up 62 percent. Iran's imports were $118 million, up from $16 million. The Dominican Republic, Spain, Yugoslavia, Taiwan, and Japan also had big increases.

Cotton. The United States exported 2.9 million bales of cotton (480 lb net), including linters, in the first three quarters of fiscal 1975—two-thirds of the volume in the 9 months of fiscal 1974. Export value, $757 million, was down 14 percent. The depressed state of the world textile industry reduced exports to major markets. U.S. cotton exports to Southeast and East Asia fell to $496 million during July-March; volume fell by 43 percent.

Tobacco. U.S. tobacco exports were up slightly in July 1974-March 1975, at 514 million pounds. Value was up 21 percent, to $724 million. EC tobacco imports rose slightly in value but volume was down 13 percent. U.K. imports of U.S. tobacco dropped 21 percent in volume; they were valued at $119 million. Japan increased its imports from 81 million pounds, valued at $108 million, during July 1973-March 1974 to 103 million pounds, valued at $167 million, during July 1974-March 1975.

Fruits and preparations. U.S. fruit exports were valued at $465 million

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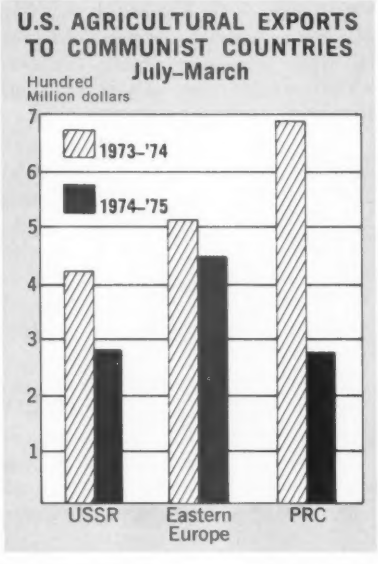

U.S. AGRICULTURAL EXPORTS, VALUE BY COMMODITY, JULY-MARCH

Commodity	1973-74	1974-75	Change
	Million dollars	*Million dollars*	*Percent*
Animals and animal products:			
Daily products	46	71	+54
Fats, oils, and greases	333	394	+18
Hides and skins, incl. furskins	343	314	−8
Meats and meat products	251	248	−1
Poultry and poultry products	109	95	−13
Other	225	141	−38
Total	1,307	1,263	−3
Grains and preparations:			
Feedgrains, excl. products	3,352	3,797	+13
Rice	527	739	+40
Wheat and major wheat products	3,849	3,938	+2
Other	152	134	−12
Total	7,880	8,608	+9
Oilseeds and products:			
Cottonseed and soybean oil	232	592	+155
Soybeans	2,356	2,476	+5
Protein meal	852	563	−34
Other	277	370	+34
Total	3,717	4,001	+8
Other products and preparations:			
Cotton, excluding linters	864	748	−13
Tobacco, unmanufactured	598	724	+21
Fruits and preparations	447	465	+4
Nuts and preparations	136	133	−2
Vegetables and preparations	307	415	+35
Other	525	581	+11
Total	2,877	3,066	+7
Grand total	15,781	16,938	+7

Saudi Arabia

Continued from page 7

India both flourish in irrigated areas north of Riyadh and near Medina.

Wheat production during 1974 was estimated at about 150,000 tons—more than double the 1971 level. Some planners indicate that wheat production could reach 350,000 tons by 1985, but prospects for further gains would then be limited. Three new flour mills now under construction by a U.S. firm will boost the demand for wheat and probably cause a slight dip in wheat flour imports when they begin full operation.

Natural springs in Hofuf Oasis in Eastern Province near Dhahran provide irrigation water for about 800 acres of rice and technicians from Taiwan are advising farmers on improving rice yields there. Rice production totals some 4,000 tons annually, but consumption exceeds 185,000 tons. Recently, port congestion at Jidda has caused some merchants in Saudi Arabia to buy rice from wholesalers in Dubai, United Arab Emirates. Rice imports could reach 450,000 tons by 1980 even if domestic production triples.

Sesame covers about 141,000 acres annually, but yields are low—only 281 kilograms per hectare. Since peanuts and sunflower have done well in some irrigated desert lands in Egypt and the Sudan, research on these crops, as well as on castorbeans, would probably prove useful in Saudi Arabia.

Saudi Arabia's advantage of enormous capital will allow certain areas of the country to specialize in certain crops or in commercial livestock operations. Large-scale commercial agriculture will also benefit from the advent of modern methods, economies of scale in production costs, and quality output. Seasonal advantages in producing horticultural crops for shipment to Europe in the winter can be exploited, particularly in the tropical Jizan area.

Saudi Arabia's southwest—with 12 to 15 inches of rainfall annually—will be the leading agricultural area. The area from Jizan to Jidda should become a much larger producer of cereals and livestock products by 1980.

An additional 124,000 acres of cropland between Jizan and Jidda can probably be brought under irrigation by 1980. Sprinkler irrigation systems should also allow farmers to improve pasture conditions in areas near the Red Sea, where more water will be available from desalinization plants. The Abha Dam and some smaller dams in the Asir highlands will allow farmers to use more trapped rainfall water for irrigating sorghum, millet, wheat, and alfalfa.

The Northern Red Sea coastal areas have good soils in many smaller wadis (river beds for intermittent streams). A large new desalinization plant at Yanbu will provide water for irrigation for areas with good soil within 150 miles. Some of these areas can specialize in strawberries, blackberries, winter vegetables, and figs.

THE TOBUK AREA of temperate highlands near the Jordanian border can become an important center for deciduous fruits. With increased irrigation, this area could produce enough apples, pomegranates, peaches, plums, and cherries to supply grocery shelves in Saudi Arabia for about half of the year.

Valleys and wadis on the east side of the Asir Mountains will be good areas to develop commercial orchards for crops similar to those grown in central and southern California. Irrigated areas in Al Jawf and Hayil amirates can specialize in oranges, lemons, and grapes. Farmers near Medina and Khaybar can expand production of citrus, onions, and tomatoes.

Further south, new vineyards can be planted near Turaba and Bisha for table grapes and raisins. Bisha also has a good climate for figs. Najran on the Yemen border could become an important producer of figs and winter vegetables.

The Horticultural Experiment Station near Burayda has played an important role in increasing production of horticultural crops. The Government seeks to open new experiment stations, which will promote the use of improved varieties and modern farming practices.

Eastern Province is also expected to become a larger producer of vegetables and dates. The output of dates is concentrated in the oasis and irrigated areas from Burayda to Riyadh and then eastward to Dhahran. Other important centers of date production are Ranya, Medina, and Beisha amirates.

DATE PRODUCTION has decreased from about 300,000 tons two decades ago to about 255,000 tons in 1974, paralleling the declining importance of dates in diets. Opportunities for new orchards producing dates for export are good, however, particularly for Ranya, Beisha, and areas near Kuwait.

Development of export industries for farm products in Saudi Arabia will be aided by new emphasis on modernizing transportation. Three large modern airports and a number of smaller airports are under construction, which will facilitate exports and bring in a growing volume of imported goods. Rather than returning to Europe empty after deliveries to Saudi Arabia, many cargo planes could carry fresh vegetables to European cities during the winter. Saudi Arabia is also likely to buy refrigerated ships and trucks to transport its produce to foreign markets.

Mechanization in agriculture is being encouraged by foreign firms developing agricultural production in Saudi Arabia. Booming sales of refrigerators and the opening of new supermarkets are also providing a large domestic market for Saudi farm products, and similar trends in nearby Arab countries will provide new export outlets. Also, foreign customers for Saudi petroleum might lower their trade barriers for winter vegetables from this major petroleum exporter.

Romania Nears Completion Of Sunflowerseed Sowing

In Romania, the world's third largest producer of sunflowerseed, rainy weather during March interrupted the normal pace of sunflower sowing in some areas, but several southeastern counties announced completion of sowing in early April. The rain was favorable for soil moisture, especially in the relatively drier southeastern counties, which account for three-quarters of Romanian sunflowerseed production.

Despite the improved soil moisture conditions, farms have been warned against planting too densely. Soil moisture in other sunflower regions, southwest and northeast, is more in line with normal conditions. Rains in April in the Southwest have delayed hoeing of sunflower crops, which has caused weeds to develop.

Romanian sunflower production averaged 790,000 tons in the 1970-73 period but dropped to 670,000 tons in 1974 because of severe drought. As the world's second leading exporter of sunflowerseed oil, Romania exports 120,000-140,000 tons annually.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 13	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.09	+6	4.69
USSR SKS-14	(1)	(1)	(1)
French Milling [2]	3.51	0	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	4.57	+2	4.69
U.S. No. 2 Hard Winter: 13.5 percent	4.00	−19	4.50
No. 3 Hard Amber Durum	6.78	+11	6.23
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	3.37	−6	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.05	−2	3.17
French Maize [2]	3.06	+4	(1)
Argentine Plate corn	3.84	−1	3.59
U.S. No. 2 sorghum	3.04	0	3.00
Argentine-Granifero sorghum	3.02	−2	2.96
U.S. No. 3 Feed barley	2.16	−24	2.77
Soybeans:			
U.S. No. 2 Yellow	5.69	+2	6.34
EC import levies:			
Wheat	1.75	+4	.34
Corn	1.09	+8	.22
Sorghum	1.33	+6	.48

[1] Not quoted. [2] Basis c.i.f. west coast, England.
NOTE: Price basis 30- to 60-day delivery.

Honduras Increases Its P.L. 480 Wheat Purchase

An amendment to a Title I agreement with Honduras under the P.L. 480 program has added 10,000 metric tons of wheat at $1.6 million to the current fiscal year program ending June 30. Purchase authorizations issued during the period April 16-30 increased total wheat and flour authorizations by 272,000 tons, valued at $35.7 million. Rice authorizations increased by 50,000 tons valued at $18.8 million, and soybean oil authorizations by 6,400 metric tons valued at $4.2 million.

A new Title I agreement was signed with Jamaica on April 17, providing for 5,200 tons of blended foods valued at $1.5 million. Blended foods include formulated food such as corn-soya and wheat-soya blends.

The amendment to the Honduras agreement was signed April 21, and added 10,000 tons of wheat valued at $1.6 million to the original agreement, which was for 10,000 tons of rice valued at $4.02 million.

Purchase authorizations for wheat and flour were issued to Egypt for 200,000 tons of wheat valued at $26,088,000 and 72,000 tons of flour valued at $15,635,000.

A purchase authorization for 50,000 tons of rice valued at $18,850,000 was issued to Bangladesh, while Pakistan was issued a purchase authorization for 6,400 metric tons of soybean oil valued at $4.2 million.

Agreements for wheat in the P.L. 480 program to date now provide for 3,015,000 tons valued at $511.6 million. Purchase authorizations have been issued for 2,904,000 tons of wheat and flour, valued at $470.8 million.

Agreements for rice to date remain at 675,300 metric tons valued at $276.2 million. Purchase authorizations for rice now total 675,000 metric tons valued at $255.6 million.

Soviet Weather Hot and Dry; Mixed Outlook For Grain Crop

April was rather hot and dry over major grain-producing regions of the Soviet Union. Average monthly temperatures were 5-6°C above normal from the Central Black Zone eastward through the Volga area, the Urals, and much of Northern Kazakhstan. Precipitation for the period ranged from about average to well below average, with only about half of normal amounts falling in the Northeast Caucasus, the Middle Volga, Southern Urals, and Western Kazakhstan.

The dry conditions already may be having an adverse affect on winter grains in some areas, but the overall condition of the crop is still described as very good. Soviet officials have recently indicated winterkill losses of only 3-4 percent, compared with normal losses of 15-17 percent.

The unusual spring weather continues to advance seeding of spring grains far ahead of usual. By May 5, the Soviets had sown 81.7 million hectares, 54 percent of the planned area. This is almost 3.5 million hectares more than achieved in 1973, and over 12.5 million larger than the 1972-1974 3-year average.

Favorable winter grain conditions and spring seeding reports combined with the unusually dry weather in both European and Asiatic USSR present an uncertain outlook for this year's crop. May weather will be pivotal. Good rains might yet produce an excellent harvest, but a continuation of April conditions could be the making of a poor crop.

Chile Wheat Imports To Rise in 1975-76

It is now estimated that Chile's import requirements for bread wheat may approach 800,000 metric tons in 1975-76, a 200,000 ton increase over the previous estimate. Increased imports for the coming year are based on recent reports which indicate utilization of the domestic wheat crop for bread may be less than 600,000 tons—considerably below earlier expectations. In 1974-75, Chile is expected to import about 500,000 tons of wheat, almost all of which will be of U.S. origin.

EC Increases Export Rebates

The European Community has announced new higher export rebates on grains that took effect on May 8. For example, the rebate rate for milling wheat exported to the Middle East and North Africa is now set at $1.56 per bushel, up from $1.25. This increase will probably have serious effects on the competitive situation for U.S. exports to these areas in the weeks to come. Reportedly, there have already been large purchases from the EC by Egypt and Algeria.

Australian Wheat Area May Be Below Expectations

According to the Australian Wheat Board, farmers' planting intentions currently indicate the area planted to wheat in 1975-76 could rise to 9.5 million hectares. This would be up from about 8.9 million in 1974-75, and second only to the record 10.8 million hectares planted in 1968-69, but it would be less than the 15 percent increase being called for in recent months by Australian officials.

With normal weather and yields, the intended area of 9.5 million hectares would give an estimated harvest of about 11.6 million metric tons. The most recent published USDA projection had estimated 13 million tons.

Australia To Offer New Type of Export Wheat

Starting with wheat received in the 1974-75 season, Australia has been refining and renaming its wheat grades. The former "Fair Average Quality" is now called "Australian Standard White."

The latest development in this process is the addition of a special grade designated as "Australian Soft." This new grade, suitable for cakes and pastries, was selected from "Australian Standard White" and will comprise wheat delivered from southern New South Wales and northeastern Victoria.

Rapid Growth of Portugese Mixed Feed Output Slows

In recent years, the output of mixed feed in Portugal has been growing at an annual rate of 15-20 percent. A decline from this high rate of growth is expected this year, however, because of price increases in August 1974 that resulted in a sharp drop in the use of beef and dairy feed mixes.

The mixed feed industry is confronted with some serious but not insurmountable problems, especially in financing sales to livestock producers. But growth could resume if recent price increases for livestock products result in a rise in demand for mixed feeds by beef and dairy producers.

Grain fed to livestock in Portugal amounted to 1.1 million metric tons in 1971-72, is estimated at 1.7 million for 1974-75, and the current forecast for 1975-76 is 2 million.

EC Corn Marketing Year Remains Same

On March 4, 1975, the EC Council reversed an earlier decision by changing the marketing year for corn and sorghum back to the original August 1-July 31 period. In July of 1974, the year had been changed to October 1-September 30 (to take effect in the 1975-76 season) with the intention of making barley more competitive relative to corn in the first 2 months (August and September) of the barley marketing year.

The change back to the original marketing year came about when the Council decided that although an October-September year for corn might improve barley's competitive position early in the barley marketing year (August 1-July 31), it could have the opposite effect during the remaining months. Also, an October-September year for corn would have caused a price break for that grain at a time when the marketing year for other grains was in full swing.

The Council further concluded that the best means for improving barley's competitive position was by alining the support pirce for the two grains more closely. The Council previously had set the beginning-of-the-season spread between the barley and corn target at .58 units of account (U.A.) per metric ton (about 80 cents) for 1975-76, compared to 1.10 U.A. per metric ton (about $1.50) in 1974-75.

COTTON

August-March U.S. Raw Cotton Exports Fall Sharply

Continued contract problems in Asia held March U.S. raw cotton exports to 346,000 running bales, 56 percent below unusually large exports a year earlier. However, March exports were higher than expected owing to resolution of some Far Eastern contract delays and slightly improved new sales on rising world prices. Cumulative August-March exports of 2.3 million bales lagged 38 percent below those of the same period last season.

Cumulative August-March shipments to Europe totaled 527,000 bales, roughly equal to those in the same period last season. However, cumulative shipments to the European Community were lower than those of a year earlier.

Cumulative exports to Asia fell 1.3 million bales below those for August-March a year earlier to 1.5 million. Cumulative shipments through March of 73,000 bales to Africa and the Middle East were higher than those of a year earlier, while exports to the Western Hemisphere fell 32 percent to 141,000 bales.

OILSEEDS AND PRODUCTS

Brazilian Soybean Production, Trade Estimates Revised Upward

Brazil's 1975 soybean crop is now forecast by FAS at 9.6 million metric tons or 353 million bushels—350,000 tons or 13 million bushels above the previous forecast. The estimate has been revised because of good weather during harvest and increased yields.

This new forecast corroborates the U.S. Agricultural Attaché's estimate in São Paulo, but some Brazilian sources place production as high as 10.1 million tons. This appears to be too high at the present time.

Crushings from the 1975 crop are now forecast at 4.63 million tons, 320,000 tons above the previous FAS foreacst. The soybean export forecast remains unchanged at 4.2 million tons.

The current forecast for soybean oil exports has been increased by 60,000 to 260,000 tons. Soybean meal exports are forecast at 2.85 million tons, 250,000 tons above the previous forecast.

SUPPLY AND DISTRIBUTION OF SOYBEANS AND PRODUCTS, MARKETING YEARS BEGINNING APRIL 1

[*In million metric tons except where noted.*]

Item	1973	1974	1975[1]
Soybeans:			
Production	5.00	7.40	9.60
(In million bushels)	184	272	395
Seed and waste 8 percent	.40	.59	.77
Exports	1.79	2.80	4.20
(In million bushels)	66	103	154
Estimated crushing	2.60	4.01	4.63
Estimated stock change	+.21	0	0
Meal:			
Production 79.5 percent	2.07	3.19	3.68
Exports	1.37	2.40	2.85
Apparent domestic disappearance	.70	.79	.83
Oil:			
Production 17.7 percent	.46	.71	.82
Exports	.08	.07	.26
Apparent domestic disappearance	.38	.52	.60
Estimated stock change	0	+.12	−.04

[1] Forecast

FRUIT, NUTS, AND VEGETABLES

Australian Dried Fruit Exceeds 1974 Levels

The 1975 Australian dried fruits pack is estimated at 65,550 metric tons, 6 percent above the 1974 pack of 61,760 but below average. Raisin yields were lower than expected, despite favorable weather during most of the growing season.

Estimates of 1975 raisin production in metric tons, with 1974 output in parentheses, are as follows: Sultana raisins, 52,000 (50,598); lexia raisins, 4,450 (2,684); and currants, 5,600 (3,594).

All dried tree fruit packs are smaller except pears. Prune crops were light in the Murrumbidgee Irrigation Area and the Young District, and fruit is relatively small. Production, in metric tons, is estimated at: Prunes, 2,000; apricots, 1,100; pears, 270; and peaches, 130.

Calendar 1974 dried fruit exports were significantly lower, as supplies were limited and prices relatively high. Exports of sultana raisins totaled 26,620 tons, 30 percent below 1973. Calendar 1974 exports of other dried fruit items in metric tons, were: Lexia raisins, 121; currants, 103; prunes, 201; dried apricots, 905; and peaches, 81.

The Australian Dried Vine Fruits Stabilization Scheme, which guarantees a minimum return to growers, is in the last year of its 1971-75 term. The Australian Government decided to examine the economic characteristics and prospects of the raisin industry before making commitments covering future years. Hearings are being held this month, and the Industries Assistance Commission is expected to submit its report in August of this year.

South African Dried Fruit Above 1974 Production

South Africa reports 1975 dried fruit production is larger than 1974's, but much below average. The 1975 crop is estimated at 11,100 metric tons, 5 percent above the flood-damaged 1974 crop.

Reports indicate hidden vine damage from the 1974 flood is becoming more apparent. The 1975-crop grape set was poor, and some rain was reported at harvest. Tree fruit production expectations were reduced by severe wind and some hail damage.

Production estimates in metric tons, with 1974 total in parentheses, are as follows: Raisins, 6,150 (5,325); currants, 750 (702); prunes, 1,500 (1,620); apricots, 650 (812); peaches, 1,360 (1,327); and other, 690 (759).

Forecasts indicate 1975 supplies for export will remain small. Exports totaled only 1,294 metric tons during 1974 because of the reduced 1974 dried fruit crop.

Greek Canned Fruit Plummeted in 1974

Greece reports a smaller 1974 canned deciduous fruit pack. Production is estimated at 3.2 million cases, equivalent 24/2½ basis, 46 percent below the 1973 pack of 5.9 million cases. Deciduous fruit production was ample, but high carryover stocks and reduced foreign demand discouraged a large canned pack. Another factor was a labor shortage caused by the mid-summer mobilization.

Production of individual items, in thousand cases, with 1973 totals in parentheses, is as follows: Peaches, 1,568 (3,540); apricots, 1,225 (1,712); and other, 392 (622). About 416,000 cases of the peach pack were composed of clingstone varieties.

Greek canned deciduous fruit is produced mainly for the export market. Exports totaled 4.1 million cases during 1973-74. West Germany is Greece's major market. The Netherlands and France are also important markets.

EC Hop Subsidy Set For 1973 Crop

The European Community's Common Agricultural Policy for hops, adopted July 26, 1971, provides for a subsidy per hectare of hops, differentiated by variety. The first of these subsidies was established for the 1971 harvest. On March 4, 1975, the EC Commission proposed that the Council establish the following 1973 subsidies in units of account per hectare (a unit of account is currently equal to about $1.34; 1972 subsidies in parentheses): Hallertauer, 250 (250); Northern Brewer, 150 (150); Brewers Gold, 100 (150); Record, 650, (300); Hersbrucker Spot, 150 (150); Huller Bitterer, 200 (150); Tettnanger, 200 (150); Strisselspalt, 450 (750); Tardif de Bourgogue, 200 (300); Spalter, 100 (300); and Soaz, 100 (400). The following United Kingdom

varieties were not subsidized by the EC in 1972: Bramling Crass, 100; Progress, 750; Fuggles, 550; Keyworth's Midseason, 750; Whitbread Golding Variety (WGV), 650; Alliance, 750; and Tutsham, 750.

South African Canned Fruit Production Up

South Africa reports a larger 1975 canned deciduous fruit pack. Total production is estimated at 10.3 million cases, basis 24/2½, slightly above the 1974 pack of 10.2 million cases of canned deciduous.

Weather conditions were generally favorable during the growing season. All items were above 1974 levels except apples and pears.

The 1975 production estimates, in thousand cases, with 1974 output in parentheses, are as follows: Apples, 275 (278); apricots, 550 (478); peaches, 6,200 (6,105); pears, 1,475 (1,505); and mixed fruit, 1,825 (1,819).

Preliminary statistics indicate 1974 season deciduous fruit exports totaled 7.5 million cases, 23 percent below 1973's. Peaches, mixed fruits, and pears are the major items, accounting for 94 percent of the total. The United Kingdom remains South Africa's major market.

Fair Weather Boosts Argentine Canned Fruit

Favorable weather during the bloom and growing periods contributed to a bumper Argentine canned deciduous fruit pack. Total 1975 production is estimated at 2.8 million cases, basis 24/2½'s, 3 percent above 1974.

Production for 1975, in thousand cases, with 1974 output in parentheses, is estimated as follows: Peaches, 1,840 (1,764); mixed fruit, 610 (637); pears, 340 (318); apricots, 29.4 (24.5); and cherries, 22 (24.5).

Peaches are Argentina's main canned deciduous fruit export totaling an estimated 600,000 cases in calendar 1974. Brazil was Argentina's largest export market in 1974. Other important markets were Sweden, West Germany, and Peru.

SUGAR AND TROPICAL PRODUCTS

Baler Twine Imports Up In October-March 1974-75

U.S. imports of sisal baler twine during October-March 1974-75 totaled 171 million pounds, 19 percent more than imports of 144 million pounds during the comparable 6 months of 1973-74. While imports during April-September 1975 may fall off somewhat from those a year earlier, total supplies of baler twin are expected to be adequate to harvest the 1975 hay crop.

In recent years, the United States has imported about 80 percent of its average annual baler twine requirements of around 300 million pounds, with year-to-year consumption depending on the size of the hay crop. Sharply higher prices for natural fiber twine in the past 2 years, however, have greatly stimulated domestic manufacture of plastic twine.

Indications from the trade are that domestic plastic twine may supply 20 percent or more of total 1975 requirements of baler twine, or about twice that of 1974. Domestic production of sisal twine in 1975 from imported raw fiber is not expected to exceed the 1974 figure of some 30-35 million pounds. Twine prices have eased somewhat in the past few months from 1974 highs and could drop off more sharply as the season progresses.

Australia Sells Sugar Equipment To People's Republic of China

Australia recently sent a team to the People's Republic of China (PRC) to help set up equipment sold to the PRC for the bagging of raw sugar. The purpose of the equipment is to enable the PRC to import bulk raw sugar, whereas most sugar imports have been shipped already bagged.

The equipment is being installed in the South China port of Whampoa. The job was to have been completed in mid-April 1975.

The visit of the team demonstrates Australia's growing interest in long-term access to the Chinese sugar market. Since the United Kingdom joined the European Community, Australia has looked for new guaranteed markets on a bilateral basis and has signed new agreements with Japan and other countries.

Essential Oils Exports Down In First Quarter 1975

U.S. exports of essential oils during January-March 1975 totaled 2.8 million pounds valued at $14.4 million. These figures represent decreases of 46 percent in volume and 23 percent in value from first quarter 1974 exports.

Principal essential oils exported and January-March 1975 values (comparable 1974 values in parentheses) in $1,000, are as follows: Peppermint oil, 4,972 (5,660); spearmint oil, 1,976 (2,892); cedarwood, clove, and nutmeg, 287 (493); orange, 495 (1,035); lemon, 462 (2,159); other citrus, 358 (532); and essential oils not eslewhere specified, 5,881 (5,999).

The decline in first quarter 1975 exports can be attributed mainly to reduced demand caused by generally depressed economic conditions in the main consuming countries.

TOBACCO

Ontario Growers Set Lower Production Target For 1975

The Ontario Flue-Cured Tobacco Growers Marketing Board (OFCTGMB) recently reached agreement with the Canadian Tobacco Manufacturers Council (CTMC) on a guaranteed minimum price and production target for the 1975 flue-cured crop. The agreement calls for a minimum average price of Canadian $.93 (US$.95) per pound plus 1 cent per pound contribution to the export incentive fund. The target production figure is 204 million pounds, the lowest in several years.

The negotiations reportedly opened with the OFCTGMB asking US$1.17 and the CTMC offering $.90. The $.95 compromise figure was reached after seven closed door sessions that extended over 3 weeks. The 1975 guaranteed mini-

mum average is 13 percent above the 1974 price guarantee. However, the actual price for the 1974 crop, at about $.91, was well above the guaranteed price, and OFCTGMB officials are hopeful the same situation will exist in 1975.

The original target production was set at 210 million pounds, but a late cut in the estimated U.K. requirements necessitated a production goal revision. The 204-million-pound target crop is 14 percent below Ontario's 1974 flue-cured crop but still 20 million pounds above the estimated 1975 requirements. The Tobacco Board has requested that this expected surplus be used as speculative stock for export.

This lower traget crop in Canada, plus the decline in grower prices in some foreign markets during recent months, may suggest that the worldwide supply of flue-cured tobacco is catching up with demand.

LIVESTOCK AND PRODUCTS

Japan to Issue New Beef Quota in June

A new Japanese quota for beef imports reportedly will be announced in June. The magnitude of the quota is unknown but is expected to be small so as not to disrupt Japanese producers. The latest beef import quota, announced in October 1973, was for 90,000 metric tons. In February 1974, 40,000 tons of that quota were suspended.

In conjunction with the quota, the Japanese have announced a domestic support program on carcass beef similar to that already in existence for pork. The new support prices for middle-grade carcass steer beef became effective May 1. For dairy steers the floor price is $1.44 per pound and the ceiling, $1.92. For beef-bred Wagu steers, the floor price is $1.78, and the ceiling, $2.36.

The Livestock Industry Promotion Corporation (LIPC), a quasi-Government organization, handles all beef imports and releases meat from storage when ceiling prices are exceeded. The LIPC can also buy meat from the market when prices fall below the floor prices. For the first week of April, prices for dairy carcass steer beef at the Tokyo market averaged $1.68 per pound.

Meat Imports Under P.L. 482 Set Record

Imports of meat subject to the Meat Import Law (P.L. 482) for the first quarter of 1975 totaled 339 million pounds —11 percent above the previous year and 2 million pounds above the record of 337 million pounds received during the first quarter of 1970. Entries from Australia were up 44 percent from the same quarter in 1974 to 221 million pounds, and New Zealand's were up 44 percent to 66 million pounds. Imports from Ireland and Central America, including Mexico, continue to lag behind last year's entries.

CORRECTION: On page 13 of the April 21, 1975, issue, the new Brazilian Government wheat support price should have read $6.14 per bushel, an 11 percent increase over the old price.

EC Dairy

Continued from page 10

to change. Cheese exports to the United States may be reduced, owing to reductions or elimination of EC export subsidies. Sales to West Germany, Italy, and the Middle East are also unlikely to increase sufficiently to offset any loss in the U.S. market.

Danish cheese production is therefore likely to fall by 3-4 percent and stocks to swell by as much as 10 percent. More milk will also be diverted into butter and nonfat dry milk production. Since no export markets are capable of absorbing this expanded output, there will likely be a sharp rise in Danish butter and NFDM stocks.

In **Ireland** cold, wet weather and large increases in beef cattle numbers in 1974 led to a shortage of winter fodder and decreased milk yields. High prices for grain and other feeds limited their use-age as milk producers took advantage of the EC beef conversion scheme.

Domestic consumption of butter and cheese both jumped by 12 percent, with per capita cheese consumption gaining to an estimated 7.4 pounds, while fresh milk consumption remained static. Large numbers of cattle and young calves on farms also led to a continued increase in milk utilization as feed.

All available supplies of dairy products in excess of domestic needs were exported in 1974 without difficulty—requiring few intervention purchases.

A mild 1974-75 winter in the British Isles has helped both the Irish and British dairy industries to keep 1975 milk output at about last year's levels so far this year. Heavy slaughter of Irish dairy cows in the fall of 1974 and last winter is expected to stabilize milk output. Both the Government and farm organizations are trying to encourage small farmers to stay in dairy production.

Emphasis in 1975 is again expected to be on cheese production as higher butter prices—up as much as 48 percent in 1975 under the EC accession arrangement—are expected to depress consumption by 10 percent.

Low returns to dairy farmers, combined with pasture and feed conditions similar to those in Ireland, caused a 1.6 percent drop in cow numbers and lower milk yields in the **United Kingdom.** English dairy farmers were caught in a price-cost squeeze in 1974, causing milk supplies to lag behind increased demand.

Low fluid milk prices, which triggered a 9 percent increase in fluid milk consumption, left almost 5 percent less milk available for manufacturing purposes than in 1973.

Much of this deficit was expressed in lower butter and NFDM production and exports. Reduced supplies caused some plants to close during the latter part of the year. The more profitable shift to cheese expanded in an effort to keep foreign exchange expenditures for cheese imports to a minimum.

For 1975, low calf prices and recent EC dairy support price increases are felt to be insufficient to make dairy farming profitable for producers with cow herds of 50 or less. Although cow numbers are expected to drop about 2 percent in 1975, this decline will likely be offset by increased yields, stemming from the mild winter weather and increased feeding of concentrates.

Last year's high level of cheese production is expected to decline sharply. Butter and NFDM are also likely to continue their post-1972 slide. There is currently no intervention buying of cheese, and stock levels of all three dairy products can be expected to decline. Thus, U.K. dairy imports will probably expand in 1975 to fill the supply-demand gap, since domestic consumption continues to be stable.

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U.S. Farm Exports Hit $16.9 Billion in July 1974-March 1975

Continued from page 13

during July 1974-March 1975. Dried and canned fruits were down in both value and volume. Fresh fruit exports were 21 percent higher in value. Fruit juices were up slightly in value, despite a 5-percent drop in volume. Canada's fruit imports were up 14 percent in value; Japan's imports by 20 percent. Europe's fruit imports were 17 percent below last year's value.

Vegetables and preparations. U.S. exports of vegetables totaled $415 million during the first three quarters of fiscal 1975, compared with $307 million in 9 months of the previous fiscal year. Fresh vegetable exports expanded in volume, but exports of vegetables preparations declined.

Exports of pulses made the greatest increases in volume and value. Pulse exports were valued at $158 million during July-March in fiscal 1975, compared with $92 million in the same period of the previous fiscal year.

Most of this increase is attributable to the growth of Mexico's dried bean imports from $1 million during the first three quarters of fiscal 1974 to $50 million in fiscal 1975. A hard frost in September 1974 destroyed much of Mexico's bean crop. Vegetable exports to Canada were valued at $120 million during July 1974-March 1975, 28 percent above those of the same 1973-74 period.

Animals and animal products. The United States exported $1.26 billion worth of animals and animal products during the first three quarters of fiscal 1975, compared with $1.31 billion in 9 months of the previous fiscal year. Value declines occurred for exports of live animals, poultry products, hides and skins ,and meats. Exports of dairy products and fats and greases were up.

Exports of animal fats, oils, and greases were up 1 8percent to $394 million. Export volume was up 13 percent. Exports to Mexico, the United Kingdom, Korea, and Egypt were above the previous fiscal year's level. Exports to Brazil, the Netherlands, and Japan declined.

The value of meat and meat product exports fell slightly to $248 million. Volume was 18 percent above that of the previous fiscal year's level. Fresh and frozen beef exports were less than half the volume of that period in the previous fiscal year. Canada's purchases were one-half of the fiscal 1974 period's volume.

The value of pork exports was over 2½ times the year-earlier level. Exports to Japan and Canada had almost three times the July 1973-March 1974 value.

PRESIDENT PROCLAIMS WORLD TRADE WEEK

World Trade Week, which began on May 19, holds high significance for all Americans, but has special meaning to those engaged in agriculture, owing to the strong and growing dependence of the U.S. farmer on overseas farm trade. President Gerald R. Ford recognizes the importance of the week in the message that follows.

In a proclamation issued April 5, President Ford said, "America approaches the 200th anniversary of national independence at a time when events at home and abroad demonstrate the interdependence of the community of nations.

"Interdependence and its impact on all Americans is particularly apparent in world trade.

"Through world trade, Americans expand with others the flow of goods and services to all peoples and enhance the economic well-being of all countries. In so doing, we recommit the United States to an open world economic order and reconfirm our pledge to international peace and understanding.

"The Congress of the United States underscored America's dedication to more free and fair international commerce with passage of the Trade Act of 1974. That Act enables us to move toward multilateral negotiations that will open the way to improved access to foreign markets for American goods and to vital raw materials.

"In the face of economic stress at home, more exports mean more jobs for Americans, more purchasing power for America's consumers, and more business for our manufacturers. Exports help us meet the swiftly rising cost of the energy we consume. They are the source of equilibrium in our balance of payments.

"World trade joins nations in peaceful and creative partnership. It has greater significance today than ever before."